

gulations, were to be received at a valuation in standard silver money known as "the batik rate," which was fixed in advance for six months and was never to be higher than the mean quotations in the market. The character of the circulating medium was further complicated by a circulation of government paper money, which was issued by every German state except the principality of Lippe and the three free cities of Hamburg, Bremen, and Lübeck. The adoption of the gold standard was first formally recommended by a commercial convention of one hundred and nineteen German cities which sat at Berlin between October 20, and October 23, 1868.<sup>1</sup> A resolution was presented by Dr. Adolph Soetbeer, who was the official reporter on the subject of the standard at an earlier session held in September, 1865, declaring that "a monetary unity, and at the same time such a general monetary reform as befits the age, can be brought about by the adoption simultaneously by all the German States of the single standard with full application of the decimal system, in pursuance of the principles recommended by the International Monetary Conference of Paris in its report of July 6, 1867." This resolution was adopted, including the recommendation of a unit of value equivalent to the gold five-franc piece, and the public authorities were recommended to put it in force not later than January 1, 1872, when the new system of weights and measures already adopted by the North German Confederation took effect.<sup>2</sup>

The payment of the great war indemnity by France gave Germany the opportunity to carry out the recommendations of her leading economists, that she adopt the gold standard. The direct payments in French gold were only 273,003,058 francs (\$52,600,000), but the power given the German government to draw the proceeds of bills of exchange upon London and Paris gave them access in a large measure to the

<sup>1</sup> Appendix to American Report on International Monetary Conference of 1878, Sen. Ex. Doc. 58, 45th Congress, Third Ses., 727.

<sup>2</sup> M. Allard, the honorary director of the Belgian mint, declares that silver was "academically demonetized" by the vote of the Paris Conference.—*La Crise Agricole et Monétaire*, 41.